

that it is not bound by Nebraska law with respect to credit cards. It is only bound by Nebraska law with respect to small loan interest rates and that that is, in effect, the interest rate standard that is being used for 70% of the borrowers in the state under credit cards. Now my theory is that if you are going to give parole to Jesse James and the Dalton Gang you might as well give it to John Dillinger and Baby Face Nelson. You might as well put them all there in the same pot and let them go because the law operates that way. Now the theory, as you will recall under the small loan interest rate, was that there are borrowers in need of protection, in need of protection because the marketplace doesn't function for them. Adam Smith's unseen hand that protects the knowing buyer and the willing seller doesn't work for somebody who is so desperate and so down on their luck that they are prepared to do anything to get credit. It was exactly that phenomenon that gave rise to the loan sharks. It was exactly that phenomenon that gave rise to the small loan interest rate to replace the loan sharks. It is exactly that phenomenon which has placed the bank credit card industry where it is and that is with a firm grasp slightly below the belt of a great many of the credit card holders in the State of Nebraska. I can recall back in 1965, reading by testimony, that the prime interest rate for bank credit cards, or I'm sorry, the prime rate in a bank was about 6½, 7%. We passed the bank credit card rate at 18%. Everybody charged 18%. It hasn't come down a point for anybody ever since. Two years ago, sitting on the Banking Committee, I had a bank come in and say, we need relief. We can't operate under these circumstances. Now we could make money at 19% but we can't make money at 18% and that is because our prime is 20% but we get our money at several points below that. We get it at about 15 and we are being squeezed too badly. Two years ago when that representation was made to me the prime rate was 20%. Today it is at 12 and below. There has been an almost 9% drop in interest rates and at that time the banks of this state came to me and said, at least one of them said, we can make money at 19, we can't make money at 18. Now it seems to me that what we have to recognize then is the principle, that the marketplace isn't working here. This is not the willing buyer or the willing seller. This is simply the phenomenon of taking somebody who needs something so badly that they will negotiate beyond the bounds of conscionability and they will take whatever they can get and whatever the rate will be. And if that is the case, by the operation of federal law, these bank credit cards are operating with a small loan interest rate and if LB 454 stands for the proposition that we can trust these institutions, then I think we ought to treat all of them alike and repeal the small loan interest rate. That is the purpose of the amendment.